



Sustainability Bond Annual Allocation and Impact Report

2021

Released on January 2022

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About this Report

Itaú Unibanco Holding issued its first Sustainable Bond on January 2021, with a total amount of US\$ 500 mm, reinforcing our commitment to the bank's ESG strategy.

Aligned to the 4th pillar of the Sustainability Bonds Guidelines¹ administered by the International Capital Markets Association (ICMA), this report intends to promote transparency to investors, disclosing the allocation of proceeds related to the bond as well as relevant key impact metrics of the eligible investments.

At the end of this document, you can find: (1) the Auditor's Report regarding the allocation of proceeds (Appendix I of the Auditor's Report) as described in our Sustainability Finance Framework; and (2) the annual review regarding the alignment of the selected eligible investments with the Use of Proceeds section, issued by the same entity that provided Itaú a second party opinion on the framework in January 2021².

Our ESG Strategy

For many years, we have been incorporating ESG issues into our business and operations. As a result of this historical commitment to the sustainability agenda, we have launched our Positive Impact Commitments³, which are our sustainability strategy and enhance our contribution to the world and society.

Our ESG strategy is connected with our core business. As an evolution of our sustainability practices, we have revised our positive impact commitment of originating transactions in positive impact sectors: we have established a target of originating R\$ 400 billion until 2025 to promote a sustainable economy, more green and inclusive.

This amount will be achieved considering 3 main fronts of business:

- Granting credit to sectors with a positive impact to the society.
- Structuring capital market transactions to our clients with an ESG label, such as ESG bonds and loans, as well as green *debêntures*.
- ESG products to our retail clients, such as financing of electric/hybrid cars, solar panels, microcredit and funding to women entrepreneurs.

The projects presented in this report contribute to the evolution of the target described above.

1. The Sustainability Bond Guidelines are available in: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>.

2. The second party opinion can be found in: <https://www.itaubr.com.br/relacoes-com-investidores/Download.aspx?Arquivo=C6vgzGhYF+dP/kMYE8EBIq=&IdCanal=ozqtoVvGbmtTpREFRuXgGw=&linguagem=en>.

3. You can find detailed explanation about each commitment at our ESG Report 2020: <https://www.itaubr.com.br/relacoes-com-investidores/annual-report/2020/pdf/ESG-Report-2020-Itaú-Unibanco.pdf>.

Overview of our Sustainability Finance Framework

In January 2021 Itaú published its Sustainability Finance Framework¹. Our Framework is aligned to the four components of the ICMA's 2018 Green Bond Principles, the Social Bond Principles, and the Sustainable Bond Guidelines: use of proceeds, process for selection and evaluation, management of proceeds, and reporting. The framework has also obtained an independent verification assessment from a second party provider².

You will find a summary of our Framework's main features below:

1. Use of Proceeds

An amount equal to the net proceeds of the bonds or loans will be used to finance or refinance, in whole or in part, existing or future Investments that meet the Eligibility Criteria:



Green Eligibility Criteria

- a. Renewable Energy and Energy Efficiency;
- b. Clean Transportation;
- c. Sustainable Waste and Wastewater Management;
- d. Pollution Prevention and Control;
- e. Environmentally sustainable management of living natural resources and land use; and
- f. Green Buildings.



Social Eligibility Criteria

- g. Access to essential services; and
- h. Inclusive Finance.

2. Process for Evaluation and Selection

A multidisciplinary sustainability finance committee (the "Committee") is responsible for the evaluation and selection of Investments made using the proceeds from the Sustainable Bond, to make sure that it complies with the scope set forth in this Framework in the chapter "Use of Proceeds".

3. Management of Proceeds

Net proceeds from the Sustainable Bond are placed in Itaú Unibanco's treasury and managed by the treasury department using existing internal tracking systems. The allocation of proceeds used will be reviewed by annual external audit.

4. Reporting

Itaú will provide investors with information regarding the Sustainable bond in a dedicated report to be publicly available in Itaú Unibanco's website, with information on the allocation of the proceeds and key performance indicators on the selected Investments.

1. Our Framework can be found in: <https://www.itaubr.com.br/relacoes-com-investidores/Download.aspx?Arquivo=Qee1s7Ww4N4UjIUQ+laLZw==&IdCanal=ozqtoVvGbmtTpREFRuXgGw==&linguagem=en>.

2. The second party opinion can be found in: <https://www.itaubr.com.br/relacoes-com-investidores/Download.aspx?Arquivo=C6yqzGhYF+dP/kMYE8EBig==&IdCanal=ozqtoVvGbmtTpREFRuXgGw==&linguagem=en>.

Allocation of Proceeds and KPIs

The net proceeds from the issue and sale of the sustainable bond was 3.875% Tier 2 Subordinated Notes due in 2031 amounted US\$ 500,000,000, which represents R\$ 2,719,700,000 as of September 30th, 2021. The proceeds were allocated in transactions disbursed from January 1st 2021, until September 30th 2021¹.

The proceeds were totally allocated to 2 green eligible investments, totaling US\$ 100 million, and 20,472 social eligible investments, totaling US\$ 400 million and representing full allocation of the bonds proceeds. The following table presents a brief description of each investment and its Key Performance Indicators.

Allocation of the Proceeds

Elegibility Criteria	Number of Transactions	Sustainable Bond's Allocated Amount ¹	Total Allocated Amount (%)
Green – a.1) Renewable energy – Solar Energy	1	US\$ 27,515,755	6%
Green – a.2) Renewable energy – Energy Transmission Lines	1	US\$ 72,484,245	14%
Social – h.1) Inclusive Finance – Micro and Small enterprises	10,923	US\$ 200,000,000	40%
Social – h.2.a) Inclusive Finance – Women-owned MSMEs	4,591	US\$ 80,000,000	16%
Social – h.2.b) Inclusive Finance – MSMEs located in North and Northeast of Brazil	4,956	US\$ 120,000,000	24%
Total	20,472	US\$ 500,000,000	100%

1. The Exchange Rate USD/BRL as of September 30th, 2021 was R\$ 5,4394.

Key Performance Indicators – KPIs

Green Eligibility Criteria

Eligibility Criteria	Number of Transactions	Sustainable Bond's Allocated Amount ¹	Start Date	Maturity	Context and KPIs
Green – a.1) Renewable energy – Solar Energy	1	US\$ 27,515,755	March 2021	March 2030	Installation of 49 photovoltaic solar power generation plants in Brazil. • Estimated Installed capacity of the portfolio: 47.75 MWp. • Estimated energy generated per year: 69.8 GWh. • Estimated GEE emissions avoided per year: 5 thousand tCO ₂ e.
Green – a.2) Renewable energy – Energy Transmission Lines	1	US\$ 72,484,245	February 2021	July 2044	Installation of: • 169 km of transmission lines and a substation with 800 MVA installed capacity in the state of Rio Grande do Sul. • 37 km of transmission lines and the expansion of two substations in the states of São Paulo and Mato Grosso do Sul. • 173 km of transmission lines and four substations with 1,600 MVA combined installed capacity in the state of Minas Gerais ² .
Total	2	US\$ 100,000,000	-	-	

Social Eligibility Criteria

Eligibility Criteria	Number of Transactions	Number of Beneficiaries	Sustainable Bond's Allocated Amount ¹	KPIs	
				Average Contracted Tenor ³	Average Amount of the transactions ¹
Social – h.1) Inclusive Finance – Micro and Small enterprises	10,923	8,727	US\$ 200,000,000	2,3	US\$ 18,310
Social – h.2.a) Inclusive Finance – Women-owned MSMEs	4,591	3,660	US\$ 80,000,000	2,3	US\$ 17,425
Social – h.2.b) Inclusive Finance – MSMEs located in North and Northeast of Brazil	4,956	3,804	US\$ 120,000,000	2,1	US\$ 24,213
Total	20,470	16,193	US\$ 400,000,000	-	-

1. The Exchange Rate USD/BRL as of September 30th, 2021 was R\$ 5,4394.

2. The project owner intends to report other types of potential KPIs periodically during the life of the investment, such as i) the number of green users connected to the transmission lines and ii) the evolution of the average emission factor of transmitted energy (gCO₂e/kWh).

3. The proceeds were allocated in transactions disbursed from January 1st, 2021, until September 30th, 2021.

Green Cases – Renewable Energy



E1 Energia

E1 Energia operates in the distributed generation market, from financial feasibility studies to the operation and maintenance of solar power plants. Present in all regions of Brazil, it has a portfolio of 68 power plants in operation, corresponding to 109 MWp of installed capacity, with 14 GWh/month of average generation, which is equivalent to the supply of approximately 70 thousand homes.

The proceeds from this operation, amounting to R\$ 150 million, will be totally used to enable the installation of 49 distributed generation projects based on solar energy plants, showing alignment with the Paris Agreement and with the Green Bond Principles. These projects are estimated to total approximately 48 MWp of installed capacity, generate around 70 GWh/year and avoid GHG emissions of about 5.0 thousand tCO₂e per year, in addition to stirring the solar generation segment, an important renewable energy source alternative, particularly in times of an energy crisis in Brazil.



ISA CTEEP

ISA CTEEP transaction, in the amount of R\$ 672.5 million, which proceeds will be totally allocated to the installation of Minuano, Três Lagoas and Triângulo Mineiro projects, strengthens the company's commitment to sustainability, through investments in essential projects for the flow of electricity from renewable sources in the country, contributing to a low-carbon economy.

Minuano Project consists of the implementation of 169 km of Transmission Lines in addition to adjustments to 3 existing Substations, covering 7 cities in Serra Gaúcha region, aiming at expanding the capacity of the regional electrical system, which is currently overloaded, and at meeting the quality and reliability conditions required by the SIN (National Interconnected System).

Três Lagoas Project consists of the implementation of 37 km of Transmission Lines, intercepting the states of São Paulo and Mato Grosso do Sul, and aims at allowing the flow of photovoltaic power plants in the northwest region of the state of São Paulo, in addition to solving electrical problems to meet demand in different scenarios linked to the seasonal characteristics of the plants connected to the system in that region.

Triângulo Mineiro Project is located in the state of Minas Gerais and comprises the implementation of 4 substations with total capacity of 1,600 MVA, in addition to approximately 173 km of transmission lines.

Social Cases – Inclusive Finance Inspiring Stories



Fernanda Winter Founder of Creme de Cacau

Maria Fernanda Aith de Faria Winter, the mother of her own constellation (3 daughters named Maria) graduated in Business Administration from FGV when she was 21 years old. She immediately joined the corporate world, where she stayed for 2 years only.

In view of the birth of her first child and the pregnancy of the second one just 6 months later, she decided to leave her corporate career and dedicate to motherhood.

When she was 25, she founded Creme de Cacau, a company she still manages, facing any and all challenges that are part of résumés of all good entrepreneurs in Brazil. “Proud of my trajectory and resilient out of necessity, I keep going, always believing in my contribution to build a better world through my daily legacy”, Fernanda says.

Creme de Cacau is a company engaged in the manufacture of Brazilian honey cake (*pão de mel*), truffles and artisan chocolates. In the beginning, the company was focused on the manufacture of chocolates, but after a few years it found an opportunity with corporate coffee breaks and the organization of parties, which account for 80% of Creme de Cacau’s revenues. The company also serves individuals, to whom it dedicates the third range of products: gift baskets for all occasions.

“During this journey and after my sudden and premature widowhood, Creme de Cacau discovered its greater human essence, counting on a 100% female team. They are wonderful older women who were looking for a job opportunity, always on the sidelines of the market for ‘unqualified’ employment opportunities”, reports Fernanda.

The pandemic brought about a great impact due to social isolation. Thus, Creme de Cacau reinvented self-service coffee breaks, transforming them into individual lunch boxes – a sales success at this time. In addition, Fernanda also emphasized the company’s presence on social media, developing the relationship with individual customers, whether through posts, bazaars or targeted promotions.

“I felt in my own skin the loneliness of being an entrepreneur in this country: we assume impactful responsibilities, quick decisions, and market uncertainties. Yes, it all depends on our command and, due to this exhausting day to day, I sometimes feel insecure, anxious and why not say it, even unable to move on. But then I find support and inspiration in other women, whether through workshops, old face-to-face lectures, free courses, various articles and much more. **All in one place: Itaú Mulher Empreendedora (Itaú Entrepreneur Woman), a great safe haven!**” adds Fernanda.

Creme de Cacau

www.cremedecacau.com.br

www.instagram.com.br/cremedecacau



Carla Santos

Co-owner of Ca com Fé Padaria Artesanal

After spending 22 years working in the production area at advertising agencies, the opportunity to put into practice the dream of becoming an entrepreneur arrived. Along with a friend, Carla organized in 2018 Cá com Fé, an artisan bakery with the purpose of serving only the B2B market, direct sales to companies, grocery stores, supermarkets and corporate events without on-site sales. The closed doors to the consumer lasted a very short time. "People started to smell the bread, they started ringing the bell, asking, wanting to go in, wanting to buy, it was a real joy. So we had our first renovation, creating a space for a small store and began to serve the consumer in direct sales, offering bread to go, etc." Carla tells.

The pandemic arrived bringing with it great challenges. Suddenly everyone's life was upside down. Carla had to make changes in the operation, implementing the delivery system to be able to survive, in addition to facing another big challenge: "To assume the business, maintain the team and maintain the quality of the bread", Carla reports. As a way to stand out, she sought innovation, developed new products, hired people and started to work in all areas.

Carla believes that the ability to do several things at the same time was very important when she had to hire qualified people, maintain quality, increase the product portfolio, maintain the company's financial soundness and plan for the future at such an uncertain time.

At the end of 2020, talking to a friend, Carla envisioned the possibility of a new partnership. She met a person who was looking for something in the food area. "It was an excellent meeting, which offered a new look, enabling Cá com Fé's soul to be kept while, at the same time, favoring a healthy growth", says Carla.

Carla says she has always been a curious person who enjoyed studying and diving deeper into subjects related to everyday life. **With Itaú Mulher Empreendedora, she saw the possibility of updating and being inspired by motivating stories.**

Nowadays the business is at another stage. The team increased to 11 employees, "super qualified people in the kitchen who give me confidence to focus mainly on customer service".

Carla managed to put into practice everything she planned without losing the company's main characteristic, which is affection, which creates a very strong bond with customers. And this was only possible because of another very strong characteristic, her enthusiasm and creativity when facing something that gives rise to passion. "This makes everything lighter and more pleasant," says Carla.

Unquestionably, 2020 was and 2021 is a year of many challenges, but Carla remains confident that everything is going to be fine and she will continue to seek to improve customer experience every day.

Ca com Fé Padaria Artesanal Afetiva

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Itaú Mulher Empreendedora

Itaú Inclusive Finance Program

The purpose of the Itaú Mulher Empreendedora (IME) program is to support the development of companies led by women through a platform with solutions and tools that empower, present inspiring references and encourage the connection between female entrepreneurs, in addition to training solutions such as Acceleration programs. The conception of the program began in 2013 through a partnership with the International Finance Corporation (IFC), the World Bank and the Inter-American Development Bank (IDB).

IME comprises a wide audience. On the online platform, which has approximately 790 contents available, over 25,900 entrepreneurs are registered in. Only this year, over 140 thousand people have participated in the activities promoted by the program.



Itaú Unibanco Holding S.A.

Independent auditor's limited assurance report on Itaú Unibanco Holding S.A. management's assertion on the allocation of the total proceeds from the Sustainable Bonds issued on January 15, 2021

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(A free translation of the original in Portuguese)

Independent auditor's limited assurance report on Itaú Unibanco Holding S.A.'s Management Assertion on the allocation of the total proceeds from the Sustainable Bonds issued on January 15, 2021

To the Management
Itaú Unibanco Holding S.A.
São Paulo - SP

Scope

We have been engaged to present our limited assurance report on Itaú Unibanco Holding S.A. ("Itaú Unibanco" and/or Bank)'s Management Assertion (Attachment I) on the allocation of the total proceeds raised by Itaú Unibanco from the Sustainable Bonds issued on January 15, 2021 to projects between January 15 and September 30, 2021 ("Assertion"). The proceeds from the Sustainable Bonds should be applied exclusively to finance or refinance green projects, social projects or a combination of them by means of credit operations granting, as set out in the document "Itaú Unibanco Holding S.A. Sustainability Finance Framework", dated January 8, 2021 (hereinafter, "Sustainability Finance Framework" or "Framework"), as described in the Attachment II to this report ("Criteria").

Management's responsibility

The management of Itaú Unibanco ("Management") is responsible for the Management Assertion, summarized in the Attachment I, in accordance with the Criteria established in the Attachment II to this report. This responsibility includes maintaining the operating structure and controls necessary to ensure that the information included in the "Sustainability Bond Annual Allocation and Impact Report of Itaú Unibanco Holding 2021" is free from material misstatement, whether due to fraud or error. The Management of Itaú Unibanco is also responsible for defining, implementing, adapting and maintaining the management systems from which to obtain the information necessary for the preparation of the mentioned Assertion, as well as for reviewing and updating the Framework.

Our independence and quality control

We comply with the independence and other ethical requirements of the Brazilian Accounting Standards ("NBC"), NBCs PG 100 and 200 and NBC PA 291, which are based on the principles of integrity, objectivity and professional competence and which also consider the confidentiality and behavior of professionals.

We apply the international quality control standards established in NBC PA 01 and, therefore, we maintain an appropriate quality control system that includes policies and procedures related to the fulfillment of ethics requirements, professional standards, legal requirements and regulatory requirements.

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Itaú Unibanco Holding S.A.

Responsibilities of the independent auditor

Our responsibility is to express a conclusion as to whether nothing has come to our attention that causes us to believe that Itaú Unibanco's Management Assertion on the allocation of the total proceeds from the Sustainable Bonds issued on January 15, 2021 and allocated by Itaú Unibanco to projects to finance or refinance green projects, social projects or a combination of them by means of credit operations granting between January 15 and September 30, 2021 is not adequate in accordance with the criteria set out in the Attachment II to this report, which were selected to enable Itaú Unibanco to comply with certain requirements of sections 3.1, 3.2 and 3.4 of the Framework, dated January 8, 2021, whose link is in the Attachment to this report.

We conducted our limited assurance engagement in accordance with the Brazilian Accounting Standard NBC TO 3000 - "Assurance Engagements Other than Audits or Reviews" issued by the Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000 - "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). These standards require that we plan and perform our procedures to obtain limited assurance that Management's Assertion is adequate to allow compliance with the criteria of sections 3.1, 3.2 and 3.4 of the Framework, dated January 8, 2021 and included in the Attachment II to this report.

The procedure applied in a limited assurance engagement is less detailed than those applied in a reasonable assurance engagement. Therefore, a lower level of assurance is obtained than it would be obtained in a reasonable assurance engagement.

The procedures selected, summarized in the Attachment III to this report, depend on the independent auditor's judgment, including the assessment of the risks that the operating structure, including policies, procedures and/or controls established by Itaú Unibanco to allow Management's Assertion and the allocation of the total proceeds from the Sustainable Bonds, is not adequate, in accordance with the criteria presented in the Attachment III to this report. Our procedures did not include tests of the operating effectiveness of the controls and, consequently, we do not express a conclusion on this aspect.

Our engagement comprised the following steps: (a) planning the work; (b) obtaining an understanding of the operating structure established by Itaú Unibanco for compliance with sections 3.1, 3.2 and 3.4 of the Framework, dated January 8, 2021, including the policies and procedures to comply with the aspects described in the Attachment II; consequently, permitting such Management Assertion described in the Attachment I to this report; and (c) performing the engagement in accordance with the procedures set out in the Attachment III to this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Our limited assurance engagement considered the operating structure of Itaú Unibanco necessary for the allocation and such Management Assertion on the total proceeds raised from the Sustainable Bonds issued on January 15, 2021 and allocated to projects between January 15 and September 30, 2021, in accordance with the criteria set out in the Attachment II to this report, which were selected to comply with certain requirements of the Framework and did not include other technical and qualitative aspects of the operating structure of Itaú Unibanco related to the allocation of the total proceeds from the Sustainable Bonds issued.



Itaú Unibanco Holding S.A.

Conclusion

Based on our limited assurance engagement, we are not aware of any deviations that causes us to believe that the Itaú Unibanco's Management Assertion, as described in the Attachment I to this report, on the allocation of the total proceeds from the Sustainable Bonds issued on January 15, 2021 to projects between January 15 and September 30, 2021 is not adequate, in all material respects, in accordance with the criteria set out in the Attachment II to this report, which were selected to enable Itaú Unibanco to comply with certain requirements of sections 3.1, 3.2 and 3.4 of the Framework dated January 8, 2021.

Other matters

Any party other than Itaú Unibanco that obtains access to our report, or to a copy of it, and relies on the information contained therein (or any part thereof) will do so at its own risk. We do not accept or assume any responsibility and deny any liability to any party other than Itaú Unibanco for our engagement, for the limited assurance report or for our conclusions.

São Paulo, January 14, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Emerson Laerte da Silva
Contador CRC 1SP171089/O-3

Attachment I

Itaú Unibanco's Management Assertion

Our Assertion on the allocation of the total proceeds from the Sustainable Bonds issued on January 15, 2021 and that were allocated to projects exclusively to finance or refinance green projects, social projects or a combination of them by means of credit operations, as established in the Framework, comprises the aspects listed below:

- . The net proceeds raised and allocated to projects in accordance with the Framework were held at Itaú Unibanco's treasury and managed using the existing internal tracking systems.
- . The Framework was properly applied to the selection of projects for allocation of the total proceeds raised on January 15, 2021 and/or the proceeds were allocated to projects that meet the established criteria described in the Framework (Attachment II) to this report in the period between January 15 and September 30, 2021¹;
- . The proceeds from the Sustainable Bonds issued on January 15, 2021 and allocated to projects by means of credit granting operations were carried out in accordance with the criteria of the Framework.
- . Total amount raised on January 15, 2021 from the Sustainable Bonds was fully allocated to projects that meet the established criteria of the Framework, as there was no need to temporarily invest in highly liquid securities.

¹As described in the item 3.1 of the Framework, "Investments may be eligible when disbursed within 3 years prior to the issuance of the bond/loan".

*

Attachment II




Eligibility Criteria for the Sustainable Bonds

Information on items 3.1 Use of Proceeds, 3.2 Excluded Activities and 3.4 Management of Proceeds related to the eligibility criteria for allocation of the Sustainable Bonds obtained from the Framework 2021 and published on the website <https://www.itaubank.com.br/relacoes-com-investidores/Download.aspx?Arquivo=Qee1s7Ww4N4UjIUQ+laLZw==&linguagem=pt>.

3.1 Use of Proceeds

Green Eligibility Criteria





Investments in:

Category	Eligibility Criteria	Environmental Objectives	Alignment with Prioritized SGDs
a. Renewable Energy and Energy Efficiency	<p>a.1) Renewable energy, such as:</p> <ul style="list-style-type: none"> - Wind energy; - Solar energy; - Hydro energy (< 20MW); <p>a.2) Energy transmission lines and distribution networks with the purpose of increasing renewable energy from wind and/or solar and/or hydro sources.¹¹</p> <p>a.3) Equipment or technology that reduces energy consumption/increases energy savings at least 30% over baseline provided that those equipments and/or technologies will not be in fossil-fuels intensive processes.</p>	Climate change mitigation.	  

¹¹ The increase in energy sources such as wind and solar in the generation of electric energy and the increase in the supply of biomass from sugarcane and biodiesel contributed to the Brazilian energy matrix to remain at a renewable level much higher than the level observed in the rest of the world. Public policies adopted in recent years favored the entry of renewable sources, such as biodiesel, whose consumption grows year after year in Brazil. Hydraulic power generation, the main source of electricity generation in the country, together with other renewables, represented 84.3% of all national generation in 2019 according to the Ministry of Mines and Energy of Brazil. Transmission lines are fundamental elements to give stability to the electrical system of Brazil, with a large share of renewable energy that are, by nature, intermittent and interdependent. The increase in the share of renewable energy in the Sistema Interligado Nacional (SIN) must be accompanied by expansion of transmission systems to reduce losses and congestion, as well as to guarantee flow and energy security. Distribution systems are responsible for connecting to the transmission to final consumers, and are also important elements to ensure that sources reach users in a safe way (EPE, 2017 (<https://goo.gl/Z8XmKf>); IEEFA, 2018 <https://bit.ly/2Ch6hDb>). Therefore, in local context of Brazil, there is no possibility that the investments done in electric energy transmission lines will distribute electric energy from carbon intensive sources in rates superior than the renewables under normal conditions.





Attachment II

Eligibility Criteria for the Sustainable Bonds

b. Clean Transportation	<p>b.1) Charging stations for vehicles moved by clean energy;</p> <p>b.2) Structure for public use of clean transportation (e.g. bicycle lanes, parking stands, bicycle sharing stations, among others);</p> <p>b.3) Changes from fossil fuel source to clean source on public transportation, like solar, wind, wave and other renewable energy sources.</p> <p>b.4) Transport Companies in general, to finance the manufacturing of clean fuel source vehicles¹²</p> <p>b.5) Financing of Individuals or companies to the purchasing of clean fuel source vehicles or hybrid vehicles¹²</p>	<p>Climate change mitigation;</p> <p>Pollution prevention and control.</p>	 
c. Sustainable Water and Wastewater Management	<p>c.1) Water treatment plants;</p> <p>c.2) Systems to minimize water usage (including water reuse);</p> <p>c.3) Biogas plants for electric energy conversion derived from waste management of production processes;¹³</p> <p>c.4) Composting;</p>	<p>Pollution prevention and control;</p> <p>Natural resource conservation.</p>	 

Attachment II

Eligibility Criteria for the Sustainable Bonds

	c.5) Co-processing of Organic Solid Waste; c.6) Recycling.		
d. Pollution Prevention and Control	d.1) Projects that aim to mitigate pollution caused by fossil fuels combustion and its quimical results such as particulate matter and other nocive pollutants ¹⁴ ; d.2) Energy cogeneration; d.3) Recovery of heat and steam; d.4) Development, operation and increased efficiency of recycling plants and waste-to-energy conversion factories.	Pollution prevention and control.	 
e. Environmentally sustainable management of living natural resources and land use	e.1) Environmentally-sustainable forestry e.1.1) FSC forest management certification confirms that the forest is being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while ensuring it sustains economic viability e.1.2) Cerflor is the Brazilian Forest Certification Program, developed by INMETRO,	Natural resource conservation; Biodiversity.	 

¹⁴ When fossil fuels are burned they release nitrogen oxides and particulate matter into the atmosphere, which contribute to the formation of smog and acid rain. Most of the nitrogen oxides released in the world due to human activity are from the burning of fossil fuels associated with transportation and industry. ¹³ It will not be considered credit operations related to extensive monoculture, since it could be related to the degradation of the soil, decay of nutrient levels, loss of diversity, greater need for the use of fertilizers/pesticides and intensive exploitation of water resources for irrigation

Attachment II

Eligibility Criteria for the Sustainable Bonds

	<p>together with representatives from different stakeholders at the national level. In 2005 it achieved international co-recognition by the Programme for the Endorsement of Forest Certification schemes (PEFC), as a forest management certification standard.</p> <p>e.1.3) Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent thirdparty certification, this includes assessments, endorsements and recognition of national forest certification systems.</p> <p>e.2) Restoration, regeneration or management of native forests and natural landscapes</p> <p>e.3) Environmentally sustainable agriculture e.3.1) Rainforest Alliance Certified™ farms are required to meet comprehensive</p>		
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Attachment II



Eligibility Criteria for the Sustainable Bonds

	<p>standards for sustainable agriculture that protect wild land, waterways, wildlife habitat and the rights and well-being of workers, their families and communities.</p> <p>e.3.2) GLOBALG.A.P. Certification is a trademark certification from a global organization which aims a safe and sustainable agriculture worldwide.</p> <p>e.4) Low Carbon Agriculture¹⁵</p> <p>e.4.1) Soil recovery and restoration of degraded pasture investments</p> <p>e.4.2) Integrated cropland-livestock-forestry systems and Agroforestry systems</p> <p>e.4.3) adaptation or regularization of rural properties considering environmental legislation, including recovery of legal</p>		
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¹⁵ Projects that will contribute to Brazil's Low-Carbon Agriculture Plan ("ABC Plan") such as revival of productivity of land, reduction of greenhouse gas (GHG) emissions and/or sequestration of carbon, and provision of ecosystem services payments, such as credit lines for clients that want to adopt new technologies or production arrangements that will help them to issue carbon credits from their own business process. We are considering to accept future certifications that may emerge in line with market standards and meets the criteria described in the certifications list.

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Eligibility Criteria for the Sustainable Bonds

	reserves, permanent preservation areas, recovery of degraded areas and implementation/ improvement of sustainable forest management plans; e.4.4) Biological nitrogen fixation;		
f. Green Buildings	f.1) Buildings that have received certification to the following programs and levels: LEED Gold & Platinum; or EDGE certification.	Climate change mitigation; GHG emissions Reduction; Pollution Prevention and Control.	 

Social Eligibility Criteria

Investments in:


Category	Eligibility Criteria	Social Objectives	Alignment with Prioritized SGDs
g. Access to Essential Services	g.1) Health and healthcare services; g.2) Education ¹⁶ ; g.3) Sports facilities and sports sponsorship; ¹⁷ g.5) Programs to aging population inclusion; g.6) Culture facilities (e.i. museums, cinemas, theater) ¹⁷ ;	Social inclusion.	 

¹⁶ Financing of education institutions which aims to provide quality education at affordable prices, increasing access to quality education for target population students. Target population in this context may include low-income students and/or students in peripheral regions (where socioeconomic indexes are lower than Brazil's average). In Brazil, places in the prestigious public university system are limited, and tend to go to higher-income students who are better prepared academically. In that context, private sector schools that offer inclusive business models with flexible, relevant and quality education at affordable prices may give bring students from low income households to post-secondary level.

¹⁷ Cultural and sports projects will be considered in which guarantee leisure and community health in peripheral regions (where socioeconomic indexes are lower), the elderly or people with disabilities; or that even in regions of high human development, in some way favor people in vulnerable situations;

Attachment II

Eligibility Criteria for the Sustainable Bonds

	g.7) Other types of essential services.		
h. Inclusive Finance	<p>Investments seeking social development and inclusion, that can be related to job conservation or creation, revitalizing of economically depressed areas, inclusion of minority groups, inclusion of groups with lack of access to financial services and economic opportunities. Eligible investments shall be related to the following criteria:</p> <p>h.1) Micro and Small enterprises¹⁸,</p> <p>h.2) Micro, Small and Medium¹⁹ enterprises that additionally meets one of following requirements:</p> <p>h.2.a) Are Women-owned companies²⁰.</p> <p>h.2.b) Located primarily in North and Northeast region of Brazil, or in municipalities, or states with human development index (HDI) below the total of Brasil's HDI average²¹.</p>	<p>Employment generation;</p> <p>Financial inclusion.</p>	

¹⁸ According IFC's definition of micro and small companies, the annual revenue threshold for this segment is USD 3 million. Those companies may face challenges related to limited access to financial services, such as affordable loans and payments solutions due the lack of collateral or minimum use of access of technology.

¹⁹ According IFC's definition of Medium Enterprise, the annual revenue threshold for this segment is from USD 3 million to USD 15 million. Medium companies in Brazil face similar issues as Micro and Small Enterprises in terms of access to financial services, specially in some regions in Brazil that lack infrastructure and economic opportunities.

²⁰ According to IFC's definition, an enterprise qualifies as a woman-owned enterprise if: (a) ≥ 51% owned by woman/women; or (b) ≥ 20% owned by woman/women; AND (i) has ≥ 1 woman as CEO/COO/President/Vice President; AND (ii) has ≥ 30% of the board of directors composed of women, where a board exists. Entrepreneurship is a way and alternative for needy families and minority groups to guarantee income, while it benefits the community around them.

²¹ According to UN development agency, Brazil's HDI as of 2015 was 0,755

Attachment II

Eligibility Criteria for the Sustainable Bonds

	h.2.c) Have restricted access to credit ²² .		
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3.2 Excluded Activities

Certain activities will be excluded as eligible under this framework due to their environmental or social non friendly nature, such as:

- Fossil Fuels;
- Nuclear power generation;
- Oil & Gas;
- Tobacco;
- Weapons and munitions.

3.4 Management of Proceeds

Net proceeds from the Sustainability Finance will be placed in Itaú Unibanco's treasury and managed by the treasury department using existing internal tracking systems.

In case, for any reason whatsoever, the value of the green, social or sustainable Investment is lower than the total value of the bond issuance and/or loan disbursement, Itaú Unibanco commits to invest the net proceeds yet to be invested in cash or cash equivalents.

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Attachment III

Summary of the procedures performed

We present below a summary of the main procedures performed during this engagement:

Limited Assurance procedures:

Performance of assurance procedures applicable to services of this nature, including inquiries of management and those responsible for the support areas, and inspection of documents on a sample basis in items i, ii and iii below:

- i. Inquiry of management on the use of the existing internal tracking systems to manage, by Itaú Unibanco's treasury team, the net proceeds from the Financing used to allocate the amounts raised from the Sustainable Bonds.
- ii. Inquiry of management on the process for allocation of the amounts raised in January 15, 2021 and allocated to projects in the period between January 15 and September 30, 2021, as well as inspection of the credit granting contracts, demonstrating that the total allocation of the proceeds from the Sustainable Bonds issued on January 15, 2021, was made in accordance with the criteria established in sections 3.1, 3.2 and 3.4 of the Framework.
- iii. Inquiry of management on the total amount allocated between January 15 and September 30, 2021 from the Sustainable Bonds issued on January 15, 2021, and any provisional application in highly liquid securities in the event of allocation of amount lower than the amount raised, as well as inspection of supporting documentation demonstrating compliance with such situation.

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Itaú Unibanco Holding S.A.

Type of Engagement: Annual Review

Date: January 15, 2022

Engagement Team:

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Introduction

In January 2021, Itaú Unibanco Holding S.A. ("Itaú" or "the Bank") issued its first sustainability bond aimed at financing projects that comply with the eligibility criteria defined under the Itaú Unibanco S.A. Sustainability Finance Framework (the "Framework")¹. Sustainalytics provided a Second-Party Opinion for the Framework in January 2021.² In November 2021, Itaú engaged Sustainalytics to review the projects funded through the issued 2021 sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework. Among the available eligibility categories, the Bank focused on financing renewable energy and extending financial services to micro, small or medium enterprises (MSMEs).

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded by the sustainability bond issued in 2021 based on whether the projects and companies financed:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Itaú Unibanco Sustainability Finance Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Itaú Unibanco Sustainability Finance Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy and Energy Efficiency	a.1) Renewable energy, such as wind energy, solar energy and hydro energy (< 20MW) a.2) Energy transmission lines and distribution networks with the purpose of increasing renewable energy from wind and/or solar and/or hydro sources	- Annual GHG emissions avoided in tonnes of CO2 equivalent (tCO ₂ e) - Annual renewable energy generation in GWh - Capacity of installed renewable energy capacity in MWp - Length of constructed transmission lines in km
Inclusive Finance	Investments seeking social development and inclusion, that can be related to job conservation or creation, revitalizing of economically depressed areas, inclusion of minority groups, inclusion of groups with lack of access to financial services and economic opportunities.	Number and volume of loans provided to target group

¹ The Itaú Unibanco S.A. Sustainability Finance Framework is available on Itaú Unibanco's website at: <https://www.itaubr.com.br/relacoes-com-investidores/Download.aspx?Arquivo=Qee1s7Ww4N4UjIUQ+laLZw==&linguagem=pt>

² Sustainalytics' Second-Party Opinion is available on Itaú Unibanco's website at: <https://www.itaubr.com.br/relacoes-com-investidores/Download.aspx?Arquivo=C6ygzGhYF+dP/kMYE8EBlg==&linguagem=pt>

	<p>Eligible investments shall be related to the following criteria:</p> <p>h.1) micro and small enterprises;³</p> <p>h.2) micro, small and medium⁴ enterprises that additionally meets one of the following requirements:</p> <ul style="list-style-type: none"> - Are women-owned companies⁵ - Located primarily in North and Northeast region of Brazil, or in municipalities, or states with human development index (HDI) below the total of Brazil's HDI average - Have restricted access to credit. 	
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Issuing Entity's Responsibility

Itaú is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Itaú's Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Itaú employees and review of documentation to confirm the conformance with the Itaú Unibanco Sustainability Finance Framework.

Sustainalytics has relied on the information and the facts presented by Itaú with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Itaú.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Itaú's Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Itaú Unibanco Sustainability Finance Framework. Itaú has disclosed to Sustainalytics that it raised a total of USD 500 million through the sustainability bond issuance and the proceeds were fully allocated as of September 30, 2021.

³ The Framework defines micro and small enterprises as those with an annual revenue up to USD 3 million as per the definition of the International Finance Corporation (IFC).

⁴ The Framework defines medium enterprises as those with an annual revenue from USD 3 million to USD 15 million as per the IFC's definition.

⁵ The Framework defines women-owned enterprises as those meeting the following conditions: (a) ≥ 51% owned by woman/women; or (b) ≥ 20% owned by woman/women; AND (i) has ≥ 1 woman as CEO/COO/President/Vice President; AND (ii) has ≥ 30% of the board of directors composed of women, where a board exists, which is in line with the IFC's definition.

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bond in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Itaú Unibanco Sustainability Finance Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Itaú Unibanco Sustainability Finance Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria

In 2021, Itaú issued a sustainability bond with a total nominal value of USD 500 million. The full volume has been allocated, with 99% of proceeds financing new projects or loans after the date of issuance (January 15, 2021). The allocation and impact of proceeds are summarized as follows:

Use of Proceeds Category	Environmental or Social Impact Reported by Eligibility Criteria	Net Bond Proceeds Allocation (USD) ⁷	Percentage of Total Allocated Amount
Renewable Energy and Energy Efficiency	Solar energy generated per year is estimated as 69.8 GWh, with portfolio installed capacity of 47.75 MWp and avoided GHG emissions of 5,000 tCO ₂ e per year.	27,515,755	6%
	The following transmission lines and associated substations have been financed: ^{8 9} <ul style="list-style-type: none"> • 169 km of transmission lines and a substation with 800 MVA installed capacity in the state of Rio Grande do Sul • 37 km of transmission lines and expansion of two substations in the state of São Paulo/Mato Grosso do Sul • 173 km of transmission lines and four substations with 1600 MVA combined installed capacity in the state of Minas Gerais 	72,484,245	14%
Financial Inclusion	10,923 loans to micro and small enterprises	200,000,000	40%
	4,591 loans to women-owned MSMEs	80,000,000	16%
	4,956 loans to MSMEs located primarily in North and Northeast region of Brazil	120,000,000	24%

⁷ The projects' currency is BRL and the USD/BRL exchange rate of September 30, 2021 is used for calculating the allocated amounts.

⁸ Sustainalytics notes that over 80% of electricity load of Brazil's existing transmission and distribution infrastructure is generated from renewable sources and the investments in the transmission projects are in line with the *Sistema Interligado Nacional*, a National Interconnected System for improving the resilience of T&D infrastructure as Brazil increases the share of renewable energy.

⁹ The Bank intends to report other types of potential KPIs as made available by the project owner from 2022, such as i) the number of green users connected to the transmission lines and ii) the evolution of the average emission factor of transmitted energy (gCO₂e/kWh).

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